CLASS FICATION

CONFIDENTIAL

CLINTRAL INTELLIGENCE AGENCY

INFORMATION FROM

FOREIGN DOCUMENTS OR RADIO BROADCASTS CONFIDENTIAL

REPORT CD NO.

50X1-HUM

COUNTRY

Albania

SUBJECT Economic -General DATE OF

INFORMATION 1947

HOW

PUBLISHED

Monthly periodical

DATE DIST. March 1949

WHERE

PUBLISHED

Moscow

NO. OF PAGES

PUBLISHED

July 1947

SUPPLEMENT TO

LANGUAGE

Russian

REPORT NO.

THIS IS UNEVALUATED INFORMATION

SOURCE

Miroroye Rhozaystvo i Mirovaya Politika, Vol IIII, No 7, 1947. (FDB Per Abs 2002) -- Translation requested.)

SHORT SURVEY OF ECONOMIC CONDITIONS IN ALRABIA

K. Dimitrov

Albania has an area of 27,500 square kilometers and a population of 1,100,000, 92 percent of whom are Albanian. The majority of the population is engaged in

Italian forces occupied Albania 7 April 1939. In September 1942, Enver Roxha (the present Prime Minister of the Democratic Front Government) formed the Provisional Committee of Mational Liberation. Under the command of Generalcolonel Horiz; the Mational Army of Liberation freed Tirans, the capital, on 17 Hovember 1944. Elections to the Constituent Assembly of Albania took place on 2 December 1945. In January 1946 the Constituent Assembly unanimously accepted the planned constitution of the Albanian Mational Republic. This constituent tion outlawed monopolistic organizations.

Despite the fact that Albania has large supplies of copper, bauxite, chromium, petroleum, coal, and the richest asphalt deposits in the world, the country's industry is poorly developed, and consists principally of domestic crafts.

Before Albania's liberation, Italian capital was in complete control of the country. Albanian agricultural and mineral raw materials were exported to Italy for processing. Italian capitalists exploited the ore deposits and pet. oleum fields, and established large agricultural farms. During the occupation and retreat, the Italians completely plundered the country. They took more than 250,000 tons of fuel from the petrolsum regions of the Kuo and Patos, more than 300,000 head of cattle, destroyed over 30,000 centners of grain, and stole all the cash of the Albanian Mational Bank -- 9k,000 Albanian france and 13,500 gold napoleons. Before their retreat they exported the entire output of the chromium, copper, and coal mines.

<u> </u>		CLAS	SSIFICATION	TO THE COMPIDENTIAL HERMONIAL CONTROL DESCRIPTION OF THE	. :
STATE	X NAVY	$-\mathbf{x}$	N3RB	CISTRIBUTION	٦
ARMY	XAIR	$-\mathbf{x}$	FB1		1

50	X 1	-Hl	JM

CONFIDENTIAL

According to the peace treaty with Italy, Albania must receive reparations a the amount of 5 million US dollars from Italy.

The Congress of the National Liberation Movement of Albania adopted a resolution 24 May 1944 concerning the confiscation and nationalization of all enterprises in the hands of Italian capital. In accordance with this resolution, the Albanian Government on 9 November 1945 abolished the Albanian branch of the Bank of Naples, and discontinued its activity by confiscating all its property, as well as the money belonging to Italians in the country's seven banks.

Much work in the reconstruction of the national economy has been carried out, and so-called national construction, principally in the field of road-building and improvement, has been effected.

Many destroyed industrial enterprises have been rebuilt and new ones constructed. Ten brickilns were built in Argirocastro Province. In Valona, a State vegetable oil plant was put into operation which had an output of 1,500 centners in 1945, doubling its 1944 cutput. Extraction of petroleum was resumed in mid-1945, with 1,500 workers producing 50 tons per day. Daily output was 200 tons in November 1945. The extraction of 112,500 tons of petroleum and the production of 11,000 tons of asphalt between April 1946 and April 1947 was proposed in the plan, with 600 men engaged in this work.

In 1946, 19,000 tons of copper ore were mined, and 360 tons of black copper were smelted into ingots. The 1946-47 plan specified the mining of 9,500 (one of chromium ore and 17,000 tons of coal (3,000 tons of coal were mined in 1945).

The worst bottleneck in the Albanian economy is transport. Albania does not have railroads, and all freightage is accomplished by automobile and overland and pack transport. In March 1946 Albania had only 697 automobiles. The country has four seaports: Durazzo, Valona, Sarande, and San Giovanni di Medua, and one river port, Scutari. The Albanian fleet in Kay 1946 corpisted of two tugboats, 15 sail schoolers with load capacities 40-100 tons each, and two barges with load capacities of 120 tons each. The country also has seven airports: Tirana, Korce (two), Valona, Argirocestro, Scutari, and Nec.

Owing to the mountainous character of the country, only 3,000 square kilometers (a little more than 10 percent of the territory) were cultivated before the war. The area under cultivation in 1938 amounted to 162,500 hectares, of which 36,200 hectares were in wheat, 105,000 hectares in maize, and the remaining areas in barley, cats, and rice. The grain area in 1946 was 236,900 hectares, of which 130,000 hectares were in maize, 72,200 hectares in wheat, 15,600 hectares in cats, and the rest in barley, rice, kidney beans, etc. There were 11 State farms with a total area of 685 hestares in 1945.

Albanian agriculture suffered great losses from a bad drought in 1945, and in 1946 there was a flood as a result of much rain. The first seed was washed away and two thirds of the land had to be resown. Many villages and cities were flooded, great numbers of cettle were lost, and there was an acute bread shortage. The Soviet Union, Yugoslavia, and UMERA helped, and the population was provided with bread until the new harvest. The monopolistic state purchasing of grain from the peasants was started on 7 June 1946 for the creation of necessary state grain stocks.

The 1946-47 agricultural plan specifies the assembling of enough grain to fully supply the country with bread. It also specifies the sowing of 10,000 hectares of tobacco (twice as much as in 1945-46), and the expansion of fruit orchards and olive groves. An agricultural reform was put through at the close of 1946 which gave land to 200,000 peasants (2) percent of the country's rural population) who had little or no land previously.

The wooded area of Albania covers 991,400 hectares of 36 percent of the entire territory. There are 13 sawmills with a yearly production of 20,000-25,000 cubic meters of construction materials. On 20 August 1946, the Albanian

- 2 -

CONFIDENTIAL

50X1-HUM

CONFIDENCIAL.

prilament accepted the state plan and the organization of a state-planned-economy commission. Industry functioned according to the adopted plan for the first time in 1946. A plan for electrification and industrialization of the country was evolved.

Developing the 1 July 1946 economic-cooperation pact between Albania and Yugoslavia, agreements were signed in Belgrade on 28 November 1946 concerning formation of six merged Albanian-Yugoslavian organizations to be operated on an equal basis for a period of 30 years. These were: the Society for Construction and Operation of Railroads (with capital of 6 million Albanian francs), the Society for Prospecting and Exploiting Petroleum (capital, 4 million), the Society for Prospecting and Working of Ore Resources (capital, 2 million), the Society for Electrification (capital, 2 million), the Albanian-Yugoslavian Bank (capital, 6 million), and the Export-Import Society (capital, one million).

A 30-year economic treaty was concluded with Yugoslavia in December 1946. It specifies coordination of the economic plans of both countries, and elimination of customs borders between them. By this treaty Yugoslavia is pledged to provide Albania credit for acquisition of industrial machines.

Maize was imported by Albania from Yugoslavia in 1945 and 1946 in exchange for wool and vegetable oil. During 9 months of 1945 Albania, for the first time, exported 7 million Albanian francs' worth of petroleum. During 9 months of 1946 its foreign trade (exclusive of UERRA supplies) comprised imports valued at 5,200,000 Albanian francs, and exports worth 4,100,000.

According to the 1945-46 State budget, expenditures amounted to 1,016,200,000 Albanian france, and income 1,006,700,000. An income of 600 million Albanian france has been planned for the 1946-47 budget year. The planned expenditures are more than twice as much as the planned income. The Ministry of Finance estimates that the profits from the currenty exchange which went into effect July 1946 will wipe out the deficit.

By 20 March 1946, Mank-actes circulation amounted to 406,200,000 Albanian france and foreign currency circulation, 2,120,500 000. The gold reserve was 538.9 kilograms. In July 1945 the Albanian State mink started printing bank-notes in denominations of 20 and 100 Albanian france, owing to the fact that a large amount of Albanian frances had been taken by the Italians and Germans during the war. On 11 July 1946 the old momey was exchanged for the new at the rate of 5 Albanian frances of the old type for one franc of the new issue.

The new government has put into effect an 8-hour workday and a 2-week yearly leave of absence for workers and employees. Women have been given equal rights. State stores, selling supplies and commodities in general demand at moderate prices, were opened in February 1946 in all the regional centers. According to official data in the winter of 1945, 50 percent of the workers were unemployed, but by the beginning of 1946 only 35 percent were unemployed.

Unemployment has been completely eliminated at present, as a result of development of reconstruction work. At the beginning of 1947, 35,000 workers were organized in seven trade unions, and only 3 percent of the workers of Albania were not in trade unions. The trade unions organized labor competitions in State commetraction which saved the state 4,400,000 Albanian francs in 1946. Albanian youth, participating in the 1946 labor competition, worked 4,500,000 hours.

In the 1946-47 school year a decree was passed making it obligatory that children begin education at the age of seven. The first Albanian university, the Pedagogical Institute, opened in Tirana at the end of December 1946 with 700 students.

- R.W.n

- 3 -

CONFIDENTIAL